



U.S. Department of Justice

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NEWS SUMMARY: Three Individuals Indicted in Bankruptcy Fraud

United States Attorney Steven M. Biskupic announced today that a federal grand jury in the Eastern District of Wisconsin has returned indictments charging three individuals who have abused the federal bankruptcy system.

Jean E. Marris (DOB: 7/18/42), was charged in a three-count indictment for allegedly making false statements during bankruptcy proceedings. On August 23, 1999, Marris filed for Chapter 7 bankruptcy. In June, 1999, Marris sold a house in Cedarburg, Wisconsin and allegedly made a false declaration when she submitted her Statement of Financial Affairs. Marris concealed to a United States Bankruptcy Judge that she had sold property and received \$135,000 as a result of the sale. Marris further failed to disclose she had not sold or transferred property to any one in the twelve months prior to the case being filed. Marris also allegedly failed to disclose to the Trustee that she had paid any one more than \$600.00 in the ninety days before filing her bankruptcy petition, when in fact approximately two months prior to the filing date she made a \$25,000 payment to an attorney in order to commence a law suit against the City of Cedarburg.

Cheri Hoffman (DOB: 7/23/61), was charged in a two-count indictment for allegedly making false statements during bankruptcy proceedings. Cheri Hoffman filed for a Chapter 13 bankruptcy petition. On February 12, 2002 and February 26, 2002, at a bankruptcy hearing before a United States Bankruptcy Judge, Hoffman presented fraudulent letters from a bank and altered money orders as proof of payment towards her Chapter 13 plan to avoid the foreclosure of her residence.

Nelida Arroyo-Pharm (DOB: 3/12/51), was charged in a four-count indictment for allegedly embezzling \$6,264.00 from her employer, the Standing Chapter 13 Bankruptcy Trustee for the Eastern District of Wisconsin. According to the indictment, Arroyo-Pharm allegedly altered money orders and cashier's checks received from other Chapter 13 debtors and applied the embezzled funds as payments into her own Chapter 13 bankruptcy account.

Ira Bodenstein, the United States Trustee for Region 11 stated, "Today's indictments underscore the successful partnership of law enforcement agencies to protect the integrity of the federal bankruptcy court system."

Marris, Hoffman, and Arroyo-Pharm face up to 5 years in prison, a \$250,000 fine or both for each count in which they are charged.

These cases were investigated by the Federal Bureau of Investigation. These cases have been assigned to Assistant United States Attorney Gail J. Hoffman.

The public is cautioned that an indictment is merely the formal method of returning charges against an individual and does not constitute inference of his or her guilt. An individual is presumed innocent until such time, if ever, that the government established his or her guilt beyond a reasonable doubt.

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